

# Discussion Papers

## Current and Former Welfare Recipients: How Do They Differ?

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Assessing  
the New  
Federalism

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Changing Social Policies

## Assessing the New Federalism

*Assessing the New Federalism* is a multiyear Urban Institute project designed to analyze the devolution of responsibility for social programs from the federal government to the states. It focuses primarily on health care, income security, employment and training programs, and social services. Researchers monitor program changes and fiscal developments. Alan Weil is the project director. In collaboration with Child Trends, the project studies changes in family well-being. The project provides timely, nonpartisan information to inform public debate and to help state and local decisionmakers carry out their new responsibilities more effectively.

Key components of the project include a household survey, studies of policies in 13 states, and a database with information on all states and the District of Columbia. Publications and database are available free of charge on the Urban Institute's Web site: <http://www.urban.org>. This paper is one in a series of discussion papers analyzing information from these and other sources.

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## Abstract

Rapidly declining welfare rolls have led many to ask whether those who have left the cash assistance program tend to be a more able group, leaving behind an increasingly disadvantaged caseload. If this is the case, states will need to establish new programs targeted towards a group with multiple obstacles to work in order to prevent severe hardship for mothers facing benefit time limits. This paper uses data from the 1997 National Survey of America's Families (NSAF) to compare the characteristics of former welfare recipients (those who had received some benefits since 1995 but were not receiving at the time of their interview) with current recipients (those receiving benefits at the time of their interview).

Our results point to a number of significant differences and similarities between former and current welfare recipients. For example, current recipients were more likely to be Hispanic and less likely to be white non-Hispanic, and more likely to be living in the northeastern and western parts of the country than former recipients. Current recipients also had significantly lower education attainment than former recipients. However, there were no significant differences in health status between the two groups (incorporating both mental and physical measures of health). The two groups differed most markedly in the number of obstacles to work. Current recipients were far more likely to have reported multiple obstacles than former recipients, and former recipients were far more likely to have no reported obstacles. The groups also differed in current work activity. For example, former recipients who reported multiple obstacles to work were significantly more likely to be in paid employment than current recipients. In contrast, the two groups did not differ in terms of their reported economic struggles (including food insecurity and difficulty in paying bills).

We conclude that policymakers need to be aware of the precarious situation of both current and former welfare recipients. Current recipients are most vulnerable as they attempt to move into paid employment despite their limited education, work experience, and the presence of multiple obstacles to work. But the fact that former recipients report as many anxieties about their current economic situation as current recipients indicates a need for supports that can alleviate economic hardship and subsequent spells of welfare. States will need substantial resources to support the needs of both current and former recipients.

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## Current and Former Welfare Recipients: How Do They Differ?

Pamela J. Loprest and Sheila R. Zedlewski

Rapidly declining welfare rolls have led many to ask whether those who have left the cash assistance program tend to be a more able group, leaving behind an increasingly disadvantaged caseload. If this is the case, states will need to establish new programs targeted towards a group with multiple obstacles to work in order to prevent severe hardship for mothers facing benefit time limits.

A recent study published by the Urban Institute reported that in 1997 61 percent of *former* welfare recipients were employed and three-quarters lived in a family with an employed adult.<sup>1</sup> This study also explored the personal and work characteristics of former welfare recipients, and showed the incidence of economic hardship. Another study, focused on *current* welfare recipients, showed that 21 percent were employed, while 44 percent reported at least two significant obstacles to work.<sup>2</sup> The findings of both studies drew upon nationally representative data from the 1997 National Survey of America's Families (NSAF).<sup>3</sup>

This paper compares the characteristics of current recipients with former welfare recipients to increase our understanding of the differences between these two groups. Data on current demographic characteristics, the presence of obstacles to work, work activity by obstacles to work, and economic struggles are provided for these two groups. These data represent current and former welfare recipients at one point in time -- 1997 -- and consequently provide an early glimpse of the welfare reform process.<sup>4</sup>

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<sup>1</sup>Loprest (1999).

<sup>2</sup>Zedlewski (1999).

<sup>3</sup>See Brick et al. (1999) for a description of the NSAF data and its reliability.

<sup>4</sup>Data from the 1999 NSAF will provide a snapshot further along in this process and should be available next year.

## **How Do Current and Former Recipients' Demographic Characteristics Differ?**

There are several significant differences between the characteristics of these two groups (table 1). While the age distribution of current recipients is generally the same as for those who left welfare, more adults who remained on welfare fell into the highest age group (ages 51 to 65) than former welfare recipients (4.6 percent compared with 1.9 percent). The racial composition of the two groups also differed. Adults who remained on welfare were more likely to be Hispanic (21.8 percent vs. 13.1 percent of those who left) and less likely to be white, non-Hispanic (41.7 percent compared with 52.2 percent). There was no significant proportional difference in the nonwhite, non-Hispanic category.

The numbers and age distribution of children in the family did not differ significantly between the two groups. While a greater number of current recipient families reported having three or more children (41.1 percent compared with 33.4 percent), this difference is not statistically significant. Adults who remained on welfare were less likely to be married (15.1 percent compared with 28.0 percent for former recipients) and more likely to have never been married (44.1 percent compared with 31.6 percent for former recipients.) In part, this is due to recipients leaving welfare because they got married as opposed to having been married while they were receiving benefits. Current recipients also had considerably less education. Among current recipients, 40.7 percent did not complete high school, compared with 28.9 percent of former recipients. Current recipients also were more likely to be living in the northeastern and western parts of the country, and less likely to be living in the South.

For the most part, these differences between current and former welfare recipients conform to our expectations. For example, current recipients were less likely to have another adult in the family to earn an income and share in the parenting responsibilities. They had considerably less education, shown to be a significant obstacle to work activity in Zedlewski (1999).

**Table 1**

**Characteristics of Current and Former Welfare Recipients<sup>a</sup>**

<b>Characteristic</b>	<b>Current Recipients (%)</b>	<b>Former Recipients (%)</b>
<b>Sex</b>		
Male	3.6	6.5
Female	96.4	93.5
<b>Age</b>		
18 to 25	30.5	30.5
26 to 35	39.5	44.0
36 to 50	25.4	23.5
51 to 65	4.6	1.9*
<b>Race</b>		
Hispanic	21.8	13.1*
White, non-Hispanic	41.7	52.2*
Nonwhite, non-Hispanic	36.6	34.7
<b>Number of children in family</b>		
One	25.2	31.5
Two	33.7	35.1
Three or more	41.1	33.4
<b>Age of youngest child in family</b>		
Younger than 3 years old	39.7	41.8
Between 3 and 6 years old	31.4	29.2
Older than 6	28.9	29.0
<b>Marital status</b>		
Married	15.1	28.0*
Unmarried partner	6.6	10.6
Widowed/ divorced/ separated	34.0	29.8
Never married	44.1	31.6*
<b>Education<sup>b</sup></b>		
Less than high school	40.7	28.9*
GED or high school diploma	35.5	37.2
Some college	20.5	27.3*
College degree	3.2	6.0
<b>Geographic area</b>		
Northeast	16.2	9.2*
South	28.9	42.3*
Midwest	26.0	26.7
West	28.9	21.8*

Source: Urban Institute calculations from the 1997 National Survey of America's Families.

Notes: <sup>a</sup> Current recipients include all adults receiving AFDC/TANF in their name at the time of their interview in 1997; former recipients include adults who had received AFDC/TANF since January 1, 1995 but were no longer receiving in 1997.

<sup>b</sup> Excludes "missing"; and "don't know."

\* Indicates significantly different from current recipients at 95 percent confidence level.



## **To What Extent Do Current and Former Recipients Report Significant Obstacles to Work?**

In previous research, Zedlewski (1999) identified six individual characteristics that presented significant obstacles to work among welfare recipients.<sup>5</sup> These characteristics are: a level of education less than high school, most recent employment three or more years ago (including no work experience), responsibility for a child under age one, responsibility for a child receiving Supplemental Security Income (SSI), a Spanish language interview (indicative of an English language limitation), and very poor mental or physical health.<sup>6</sup> Figure 1 shows these characteristics for current and former welfare recipients.

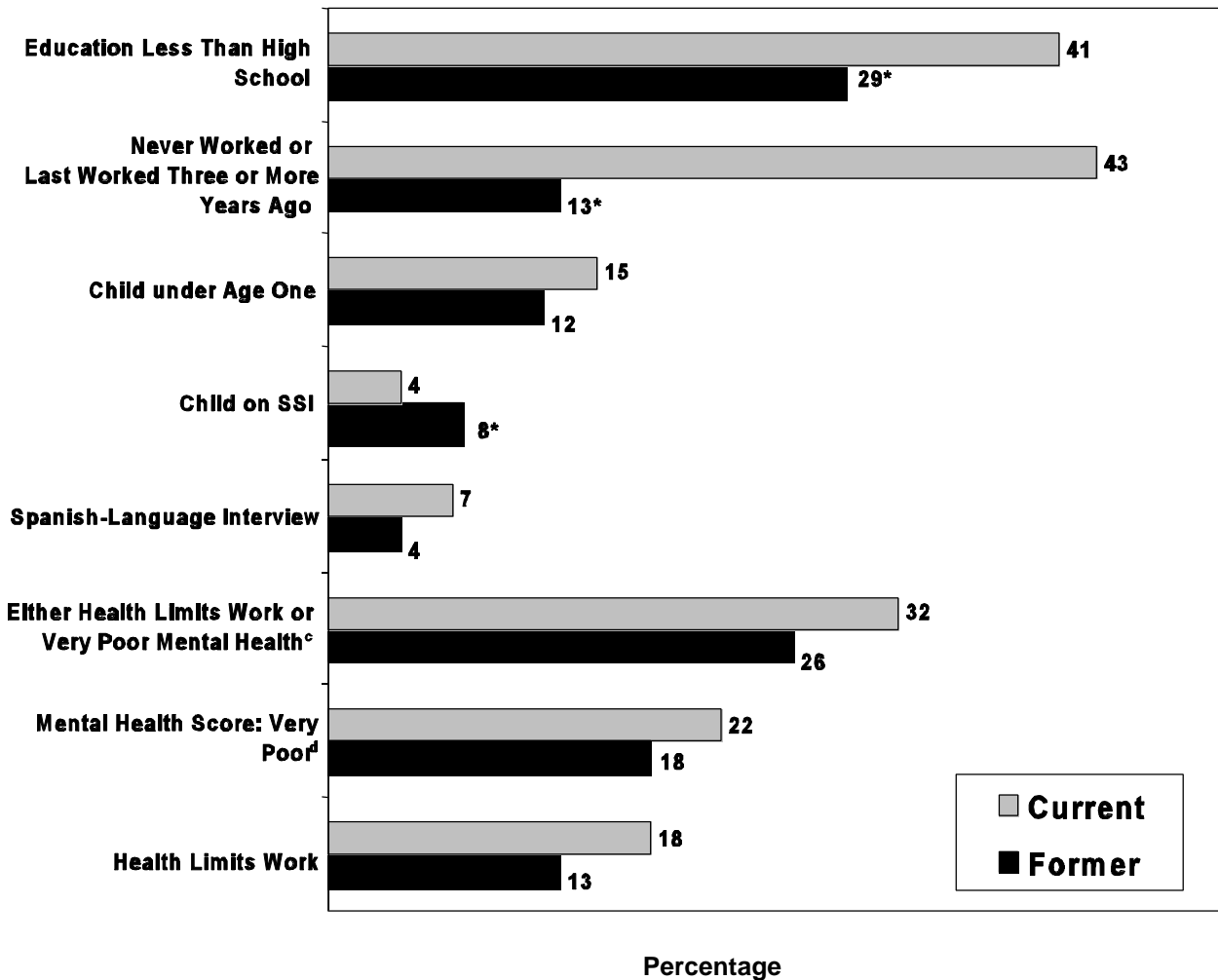
Current and former welfare recipients differ significantly on only three of these six obstacles to work. Current welfare recipients were more likely to have less than a high school education and limited or no work experience. Of course, we expect a difference in the recency of work experience between the two groups since many former recipients left welfare because of employment. The difference between the two groups in having a child on SSI is somewhat surprising at first glance. Former welfare recipients were more likely to have a child on SSI than current recipients (8 percent compared with 4 percent), although having a child receiving these disability benefits makes work more difficult. We presume that this indicates increased income available in the family, since the SSI benefit for a child is higher than most states' welfare benefits, and therefore potentially provides more independence from cash assistance.

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<sup>5</sup>These obstacles were identified as significant predictors of lack of work activity in a regression analysis that also held constant demographic factors known to be associated with different levels of work activity such as age and marital status. See Zedlewski (1999).

<sup>6</sup>Individuals were asked to answer a five-item scale to indicate their level of depression and whether health limited their ability to work. Very poor mental health is measured by scores in the bottom 10th percentile of the scale for all adults. Individuals who reported either very poor mental health or that their health limited their work were significantly less likely to be engaged in any work activity.

**Figure 1**  
**Current and Former Welfare Recipients:**  
**Incidence of Obstacles to Work<sup>a,b</sup>**



*Source:* Urban Institute calculations from the 1997 National Survey of America's Families.

*Notes:* <sup>a</sup> Current recipients include all adults receiving AFDC/TANF in their name at the time of their interview in 1997; former recipients include adults who had received AFDC/TANF since January 1, 1995 but were no longer receiving in 1997.

<sup>b</sup> The obstacles reported below were found to be significant predictors of no work activity among current recipients.

<sup>c</sup> Combines the indicators "very poor mental health" or "health limits work" shown below.

<sup>d</sup> The mental health score was developed from a five-item scale that asked parents to assess their mental health along four dimensions: anxiety, depression, loss of emotional control, and psychological well-being (see Ehrle and Moore, 1999). Very poor mental health indicates those falling in the bottom 10th percentile of all adults.

\* Indicates significantly different from current recipients at 95 percent confidence level.

The similarities between the two groups are also interesting. For example, current and former welfare recipients were not significantly different in three other obstacles: having a child under age one, having a potential language limitation (a Spanish language interview), and reporting very poor health. Former recipients were less likely than current recipients to report these obstacles, but differences were not statistically significant. This similarity is interesting because, as mentioned earlier, all of these obstacles were found to be significant deterrents to work activity among current welfare recipients. One explanation for the similar rates is the differences in geographic regions shown earlier. Zedlewski (1999) found that some states seem to have had greater success moving welfare recipients into work activities regardless of work obstacles. The results shown in figure 1 may reflect some of those differences across states.

### **To What Extent Do the Groups Report Multiple Obstacles to Work?**

Perhaps the strongest predictor of not participating in work activity is the presence of multiple obstacles. Figure 2 adds up the obstacles listed in figure 1 and shows the percentage of current and former welfare recipients with zero, one, two, and three or more obstacles. The incidence of multiple obstacles *does* differ significantly between the two groups. The percentage of current welfare recipients with multiple obstacles to work is significantly higher than that of former recipients. For example, 17 percent of current recipients have three or more obstacles compared with only 7 percent of former recipients. Further, the percentage of former recipients with no significant obstacles is nearly double that for current recipients -- 42 percent compared with 23 percent.

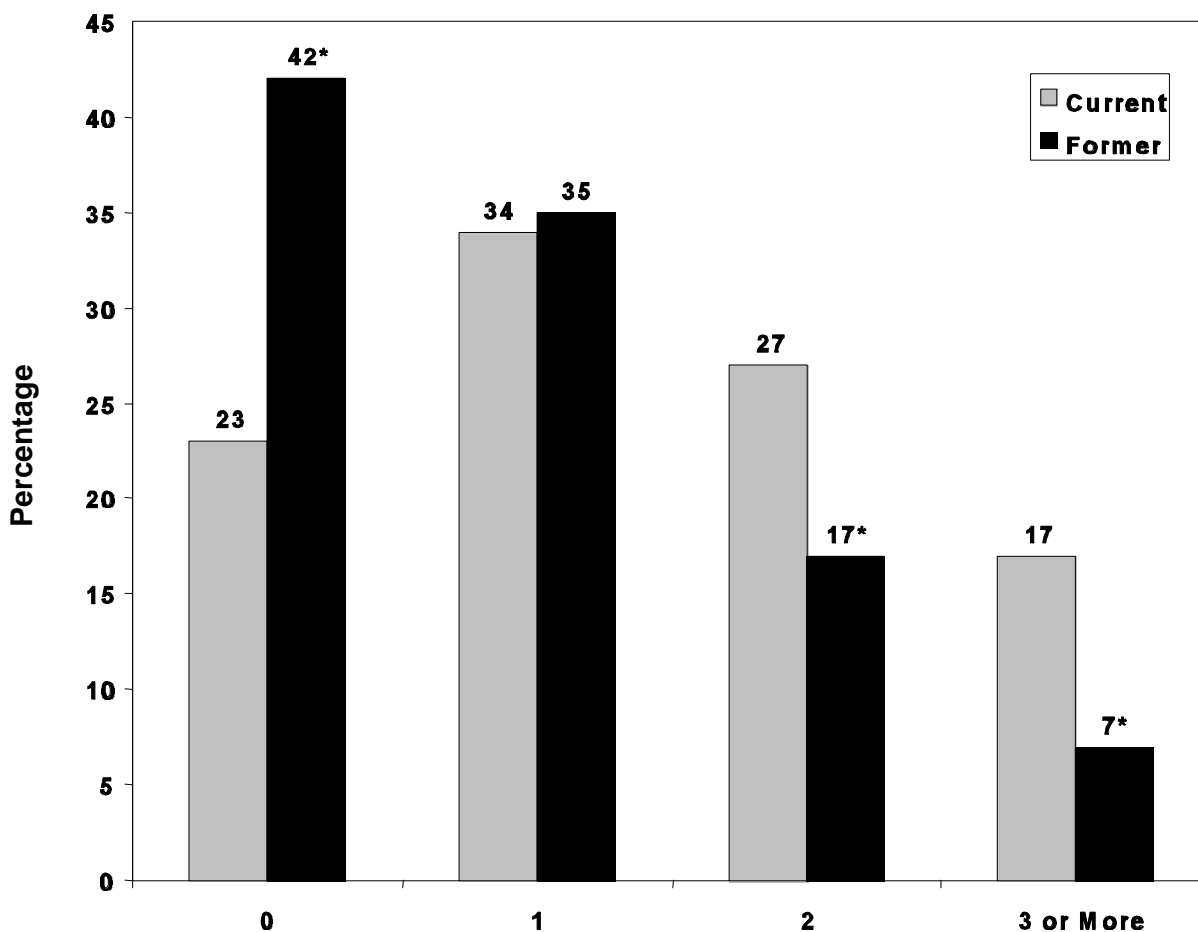
### **How Do the Groups Differ on Level of Work Activity?**

Not surprisingly, former welfare recipients have much higher rates of employment than current recipients -- 61 percent compared with 21 percent. Table 2 shows levels of current work

activity for current and former welfare recipients, tabulated by the number of obstacles to work. While employment rates decline with the number of obstacles to work for both groups, *former*

**Figure 2**

**Current and Former Welfare Recipients:  
Number of Significant Obstacles to Work<sup>a,b</sup>**



*Source:* Urban Institute calculations from the 1997 National Survey of America's Families.

*Notes:* <sup>a</sup> Current recipients include all adults receiving AFDC/TANF in their name at the time of their interview in 1997; former recipients include adults who had received AFDC/TANF since January 1, 1995 but were no longer receiving in 1997.

<sup>b</sup> Only includes obstacles shown to significantly depress work activity among current recipients: education less than high school, never worked or last worked three or more years ago, child under age one, reports either very poor mental health or health limits work, caring for a child on SSI and English-language limitation.

\* Indicates significantly different from current receipts at 95 percent confidence level.

**Table 2**

**Current and Former Welfare Recipients: Work Activity Status by Number of Significant Obstacles to Work<sup>a,b</sup>**

Number of Obstacles <sup>b</sup>	Current Work Activity <sup>c</sup>			
	Working (%)	In School (%)	Looking for Work (%)	No Activity (%)
<b>Current Recipients</b>				
0	52	16	18	14
1	22	9	30	40
2	6	10	27	57
3+	2	5	22	71
Total	21	10	25	44
<b>Former Recipients</b>				
0	80*	5*	8*	7
1	62*	2*	15*	21*
2	34*	2	25	39*
3+	9*	5	16	70
Total	61*	4*	14*	21*

Source: Urban Institute calculations from the 1997 National Survey of America's Families.

Notes: <sup>a</sup> Current recipients include all adults receiving AFDC/TANF in their name at the time of their interview in 1997; former recipients include adults who had received AFDC/TANF since January 1, 1995 but were no longer receiving in 1997.

<sup>b</sup> Includes obstacles shown to significantly depress work activity among current recipients: education less than high school, never worked or last worked three or more years ago, child under age one, reports either very poor mental health or health limits work, caring for a child on SSI, and English-language limitation.

<sup>c</sup> Self-reported work activities: "currently working for an employer or business," "not working because in school," or "actively looking for work in last four weeks."

\* Indicates significantly different from current recipients at 95 percent confidence level.

*recipients have significantly higher employment rates despite the number of obstacles to work.*

For example, 62 percent of former recipients who reported one obstacle were working, compared with 22 percent of current recipients, and 34 percent of former recipients with two obstacles were working, compared with 6 percent of current recipients.

Significantly more current recipients were in school than former recipients (10 percent compared with 4 percent), although the incidence of current school or training was relatively low for both groups. These differences are greatest for those reporting zero and one obstacle to work. For example, 16 percent of current recipients with zero obstacles reported school or training activities, compared with 5 percent of former recipients with no obstacles. We expect that these differences also reflect differences among state policies at the time of the survey. States that had adopted “work-first” approaches to welfare (that is, the first priority for recipients was to move into any paid employment) had steeper and earlier declines in caseloads than states that were still operating the AFDC model of welfare in which education and training were encouraged for able-bodied recipients (hoping that training would later allow them to move into higher quality jobs).<sup>7</sup>

Thus, we expect that former recipients were more likely to be living in states with strong work-first policies than current recipients (corroborated by the geographic differences between the two groups reported earlier.)

### **Are There Differences in Indicators of Economic Struggles between the Two Groups?**

The indicators of economic struggles measured in the NSAF do not differ significantly between the two groups (table 3). Both current and former welfare recipients reported very similar levels of food insecurity. For example, about one-third of both groups reported that they had to cut the size of a meal or skip meals because there was not enough food. Similar

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<sup>7</sup>See, for example, Holcomb et al. (1998).

proportions reported difficulties in paying bills. These results are consistent with those reported by Loprest (1999) that show former welfare recipients had significantly higher levels of

**Table 3**  
**Current and Former Recipients:**  
**Indicators of Economic Struggles over the Previous Year<sup>a,b</sup>**

Indicator	Current Recipients (%)	Former Recipients (%)
Had to cut size of meal or skip meals because there wasn't enough food	35	33
Worried that food would run out before got money to buy more		
Often true	23	18
Sometimes true	44	39
Food didn't last and didn't have money for more		
Often true	17	12
Sometimes true	44	38
Experienced time in last year when not able to pay mortgage, rent, or utility bills	35	39
Moved in with other people even for a little while because couldn't afford to pay mortgage, rent, or utility bills <sup>c</sup>	6	7

*Source:* Urban Institute calculations from the 1997 National Survey of America's Families.

*Notes:* <sup>a</sup> Current recipients include all adults receiving AFDC/TANF in their name at the time of their interview in 1997; former recipients include adults who had received AFDC/TANF since January 1, 1995 but were no longer receiving.

<sup>b</sup> Results for current and former recipients do not differ significantly.

<sup>c</sup> Only asked of those who had a time when they were not able to pay bills.



economic struggles than low-income families that had not been on welfare, despite similarities in earnings and income. She hypothesized that those transitioning out of welfare may still feel relatively insecure about their jobs and their ability to manage outside the welfare system. Indeed, their food and economic insecurities still match those of current welfare recipients.

## **Conclusion**

This short statistical profile of current and former welfare recipients points to a number of significant differences and similarities between the two groups. Educational attainment was significantly lower among current welfare recipients compared with former recipients. Current recipients were also more likely to be Hispanic and less likely to be white, non-Hispanic. Current recipients were more likely to be living in the northeastern and western parts of the country than former recipients. Surprisingly, there were no significant differences in health characteristics between the two groups, even though we measured health status using variables indicative of relatively severe problems. The two groups differed most markedly when the number of obstacles to work were examined. Current recipients were far more likely to have reported multiple obstacles than former recipients; former recipients were far more likely to have *no* reported obstacles. Lack of differences on certain individual obstacles, such as health, could indicate that more current recipients had this obstacle and an additional obstacle than former recipients.

Differences in work activity between the two groups were also somewhat surprising. While we expected employment rates to be higher among former welfare recipients than current recipients, we did not expect that even those former recipients who reported multiple obstacles would be significantly more likely to be in paid employment. Conversely, significantly more current recipients with no obstacles to work were engaged in school or training activities than their former recipient counterparts. These findings can be expected to reflect broad differences in welfare policies across some of the states at the time of the NSAF survey. During 1997, some

states were following a work-first welfare model (requiring most recipients to find any type of paid employment) while others were following an human capital investment model (allowing recipients to go to school to improve their skills and eventually their employment opportunities).

In contrast, there were no differences between the two groups in terms of their economic struggles. About one-third of both groups reported difficulties in paying for food and housing during the past year. In short, the former welfare recipient group exhibited as much anxiety about their economic position as current recipients.

As noted, these results represent a point early in the process of federal welfare reform. The characteristics of the current caseload likely evolved further as caseloads continued to decline rapidly during 1998. These findings suggest that as caseloads decline, those remaining on the rolls have more obstacles to work. Although over half of recipients in 1997 were participating in work or a work-related activity, many may have trouble finding work due to the obstacles discussed. And the large number with multiple obstacles indicates that welfare agencies may not be able to rely on relatively low-intervention work-first policies. Many agencies are already beginning to struggle with how to best serve recipients with multiple obstacles and help them move toward self-sufficiency.

Nevertheless, policymakers need to be aware of the precarious situation of both current and former welfare recipients. Current recipients are most vulnerable as a result of their limited education and work experience. Yet, they still need to begin the process of trying to leave the welfare system and no doubt will need a number of support services (including employment counseling and basic job skill training) to make it to self-sufficiency. But the fact that former recipients report as many anxieties about their current economic situation as current recipients indicates a need for supports (such as food stamps and child care) that can alleviate economic hardship and subsequent spells of welfare.

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